



Sean Rogan
Executive Director

COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles

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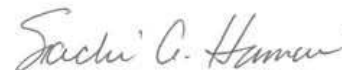
June 01, 2010

The Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

ADOPTED
Community Development Commission

1-D JUNE 1, 2010


SACHIE A. HAMAI
EXECUTIVE OFFICER

**APPROVE THE FISCAL YEAR 2010-2011 BUDGET OF THE COMMUNITY DEVELOPMENT
COMMISSION
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

This letter recommends approval of the Fiscal Year 2010-2011 Budget of the Community Development Commission of the County of Los Angeles. It relates to another item recommending approval of the Fiscal Year 2010-2011 Budget of the Housing Authority of the County of Los Angeles.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt and instruct the Chair to sign a resolution approving the Commission's Fiscal Year 2010-2011 Budget, which includes revenues and expenditures of \$167,373,000.
2. Adopt and instruct the Chair to sign a resolution approving the cost allocation model developed in conjunction with the Commission's external auditors, Klynveld Peat Marwick Goerdeler (KPMG), in April 2002.
3. Determine that the use of \$168,575 for planning and administrative expenses charged to the Low- and Moderate-Income Housing Fund is necessary for production, improvement, or preservation of low- and moderate-income housing for the designated redevelopment project areas of the County.
4. Instruct the Executive Director to implement the Commission's Fiscal Year 2010-2011 Budget and take all related actions for this purpose, including the execution of all required documents.

5. Find that the approval of the Commission's Fiscal Year 2010-2011 Budget is not subject to the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to establish new fiscal year appropriation authorities for the Commission and the Housing Authority for ongoing and anticipated activities.

The Commission must receive formal approval annually for its cost allocation plan that was developed in 2002 by KPMG, its external auditors at the time. The details of the allocation plan were submitted to your Board in May 2007, and subsequently approved in June 2007. The allocation methodology remains the same for Fiscal Year 2010-2011.

FISCAL IMPACT/FINANCING

The combined Fiscal Year 2010-2011 Budgets include \$166,973,000 for the Commission and \$326,241,300 for the Housing Authority, totaling \$493,614,300, an increase of \$32,121,100, or 6.97%, over Fiscal Year 2009-2010. The increase is due primarily to an increase in the Housing Authority's housing assistance payments, a Section 108 loan and Economic Development Initiative (EDI) grant for the South Health Center, increased activity in the Residential Sound Insulation Program (RSIP) and increased expenditures for the CDBG Recovery (CDBG-R) funds from the American Recovery and Reinvestment Act (ARRA) of 2009. These increases were offset by reductions in one time funding for the Revolving Loan Fund, reduced reserve amounts due to higher funding levels to be received from HUD and near completion of Investment Technology projects as well as less activity anticipated in the HOME program.

A total of \$5 million in Commission general funds are budgeted for Fiscal Year 2010-2011. These funds will be used for priority initiatives that require additional funding, such as the Auditor Controller Fiscal Review, the Business Technology Center in Altadena, upgrading the existing financial system, Ujima security and maintenance, excess legal fees, and retiree medical expenditures. In addition, the Section 8 program is projecting to use approximately \$1.5 million of Housing Authority administrative reserves to offset administrative expenses.

The combined Fiscal Year 2010-2011 Budgets include \$28,150,961 in County funds, \$430,000 of which the Chief Executive Officer (CEO) is recommending to support the University of California Cooperative Extension Program. The remaining funds are for supporting county wide initiatives such as the South Whittier Resource Center, the Homeless and Housing Program Fund (HHPF), the Emergency Shelter Fund (ESF), the Homeless Service Center Funds (HSCF), SocialServe.com, West Altadena Facades, various First, Second and Fourth Supervisorial District capital projects, and Fraud Investigation efforts in the Antelope Valley.

MAJOR FUNDING SOURCES

The combined Fiscal Year 2010-2011 Budgets include \$166,973,000 for the Commission and \$326,241,300 for the Housing Authority. The budgets consist primarily of federal funding provided by HUD for housing and community development programs. Local revenue sources include public housing dwelling rental income and redevelopment tax increment funds, including those

administered on behalf of the City of Industry.

COMMUNITY DEVELOPMENT COMMISSION

In Fiscal Year 2010-2011, the Commission's programs will be supported by four major funding sources: Community Development Block Grant (CDBG) funds; Other Federal Revenue; State and County Revenue; and RSIP funds.

The 2010-2011 CDBG Program is budgeted at \$47.5 million, which includes the annual Federal Entitlement and unspent prior-year carryover funds. CDBG funds will be used by the Commission, the Housing Authority, 47 participating cities, seven County departments, and 44 community-based organizations and other public agencies.

Other Federal Revenue is budgeted at \$32.7 million, and is primarily comprised of \$11.0 million in EDI Grants, \$8.1 million in Homeless Prevention and Rapid Re-housing Program (HPRP) funds, \$5.7 million in Neighborhood Stabilization Program (NSP) funds, \$5.2 million in CDBG-R funds, and \$1.9 million in Emergency Shelter Grant (ESG) funds. EDI Grants will be used for construction of a health center in the Willowbrook Community Redevelopment Project Area and for construction of a parking lot in the Florence/Firestone Community. HPRP funds will be used for housing assistance and homeless prevention to individuals who would otherwise become homeless, and to rapidly re-house persons who are homeless. NSP funds will be used to purchase foreclosed or abandoned homes in order to stabilize neighborhoods and stem the decline of home values. CDBG-R funds will be used to carry out eligible activities under the CDBG Program, including addressing hard development costs associated with infrastructure activities that provide basic services to residents.

State and County Revenue is budgeted at \$32.9 million, which consists primarily of \$16.8 million in Homeless Support Program funds for the expansion and rehabilitation of Emergency Shelters and the City Community Capital program and services. It also includes \$9.5 million for the design and/or construction of various First, Second and Fourth Supervisorial District construction projects.

The RSIP program is budgeted at \$15.9 million, which includes funding from Los Angeles World Airports and the Federal Aviation Administration to mitigate exterior noise impact from planes flying near homes around Los Angeles International Airport.

HOUSING AUTHORITY

In Fiscal Year 2010-2011, the Housing Authority's programs will be supported by four major funding sources; Housing Assistance Payments, Public Housing Program Funds, Public Housing Capital Funds and City of Industry Tax Increment Funds.

The Housing Assistance Payments are budgeted at \$264.7 million, and are used to provide rental assistance to approximately 23,446 low- and very-low income families and seniors, and an additional 226 units for tenants residing at the Kings Road and Lancaster Homes project-based Section 8 public housing sites.

The Public Housing Program funding is budgeted at \$32.5 million, and is comprised primarily of \$11.6 million in rent revenues and \$6.9 million in operating subsidies. These funds are used to manage and maintain 2,962 public housing units and 374 affordable housing units, and to provide resident services. The Public Housing budget also includes \$2.1 million in operating reserves and \$2.9 million in block grant funds for services and rehabilitation efforts at various housing sites.

The Public Housing Capital Fund Program is budgeted at \$12.6 million, which consists of \$3.1 million in funds from the Fiscal Year 2010-2011 allocation, and \$5.6 million in funds carried over from prior years' allocations. It also includes \$1.6 million of the \$7.4 million allocated in ARRA funds which will be used to provide continuous rehabilitation and improvements at Housing Authority-owned public housing sites, and \$2.2 million of the \$5.9 million allocated in funds from the Capital Fund Recovery Competition Grant for Green Communities, which will be used for the Nueva Maravilla Green Energy Retrofit Project.

City of Industry Tax Increment Funds are budgeted at \$15.6 million for the Housing Authority for the development of housing for low-income individuals, families, and special needs populations. To date, a total of \$186.7 million has been awarded in City of Industry funds, leveraging approximately \$1.47 billion to develop 5,853 units of affordable rental, homeownership and special needs housing units.

STAFFING

For Fiscal Year 2010-2011, the Commission is budgeting 578 regular positions and 66 contract positions for a total of 644 positions. This is an increase of 1 contract position from Fiscal Year 2009-2010. The increase is due to additional staff that were added through the supplemental budget approved in September 2009, reduction of vacant positions, and internal position transfers.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In January 2001, the Commission and the Housing Authority, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a capital budget. Fiscal Year 2010-2011 marks the tenth year that the Housing Authority will submit a capital budget that details ongoing and future projects. The Fiscal Year 2010-2011 operating budget includes \$4.5 million in Housing Authority capital projects for ongoing and new projects.

On May 25, 2010, your Board approved the 2010-2011 One Year Action Plan (Action Plan) for the allocation of federal funds, which includes the planned use of CDBG, HOME, and ESG funding by the Commission, the Housing Authority, County departments, participating cities, and community-based organizations. The Action Plan was created with citizen input, as required by federal regulations. The recommendations approved by your Board are reflected in the proposed Fiscal Year 2010-2011 Budgets.

Adoption of the attached Resolutions approving the Fiscal Year 2010-2011 Budgets is necessary to establish new fiscal year appropriation authorities for the Commission and the Housing Authority, to receive funding, and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing, issued September 21, 1994. HUD Form 52574 must also be approved by your Board to certify approval of the Housing Authority's operating budget. In addition, per the California Health and Safety Code Section 33334.3, the Board must determine that a portion of tax increment funds set aside for the production, improvement or preservation of low- and moderate-income housing can be used for planning and administrative expenses, and that a total of \$168,575 may be used for this purpose during Fiscal Year 2010-2011.

ENVIRONMENTAL DOCUMENTATION

Approval of the Commission and Housing Authority's Fiscal Year 2010-2011 Budgets is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because they involve administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378(b) because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS

HOME funds and City of Industry Tax Increment funds are allocated to developers through an annual competitive proposal process. These funds are used to develop multifamily rental, senior rental, affordable for-sale and special needs housing. Projects are selected to maximize the impact of these housing funds based on viability, financial feasibility, appropriateness to geographic location, and community need. The HOME funds are used in unincorporated County areas and participating cities. The City of Industry funds are used within a 15-mile radius of the City of Industry.

Each of the five Supervisorial Districts allocate and award CDBG funds to non-profit agencies to conduct projects that address housing and community development needs of the County.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the Fiscal Year 2010-2011 Budgets will enable the Commission and the Housing Authority to conduct program activities to benefit low- and moderate-income residents of the County and participating cities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN
Executive Director

SR:jw

Enclosures

RESOLUTION APPROVING THE 2010-2011 FISCAL YEAR
BUDGET OF THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

WHEREAS, it is necessary for the Board of Commissioners of the Community Development Commission of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Community Development Commission of the County of Los Angeles, hereby adopts the following budgeted revenues and appropriations for the Community Development Commission of the County of Los Angeles for the 2010-2011 Fiscal Year, as set forth in the Annual Budget.

Estimated Funding: \$167,373,000

Expenditure and Reserve Appropriations: \$167,373,000

APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on this 1st day of June, 2010.

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Commissioners

By: Lachelle Smitherman
Deputy

By: Alvin Molina
Chair of the
Board of Commissioners

APPROVED AS TO FORM:
ANDREA SHERIDAN ORDIN
County Counsel

By: Behnaz Jashkehr
Deputy



APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on the 1st day of June, 2010.

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Commissioners

By: Sachelle Smitherman
Deputy

By: Gloria Molina
Chair of the
Board of Commissioners

APPROVED AS TO FORM:
ANDREA SHERIDAN ORDIN
County Counsel

By: Behnaz Jashke
Deputy



RESOLUTION APPROVING THE FISCAL YEAR 2010-2011
BUDGET OF THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Los Angeles has received the Budget for Fiscal Year 2010-2011 and has found:

1. That the proposed expenditures are necessary for the efficient and economical operation of housing programs for the purpose of serving low- and very-low income families.
2. That the budget is reasonable in that:
 - (a) It indicates a source of funding adequate to cover all proposed expenditures.
 - (b) It does not provide for use of federal funding in excess of that payable under the provisions of 24 Code of Federal Regulations Part 990.
3. That all proposed rental charges and expenditures will be consistent with provisions of law and the Annual Contributions Contracts with the U.S. Department of Housing and Urban Development.
4. That no employee serving in a variety of positions is reflected in the operating budget as serving an aggregate amount of time exceeding 100 percent.
5. That the U.S. Department of Housing and Urban Development requires that the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.

WHEREAS, it is necessary for the Board of Commissioners of the Housing Authority of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, the Board of Commissioners of the Housing Authority of the County of Los Angeles hereby resolves as follows:

1. The above recitals are true and correct.
2. The Housing Authority of the County of Los Angeles adopts the following budgeted revenues and appropriations for Fiscal Year 2010-2011, as set forth in the Annual Budget for the Housing Authority of the County of Los Angeles:

Estimated Funding

\$326,241,300

Expenditure and Reserve Appropriations:

\$326,241,300

3. That the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.
4. This Resolution shall take effect immediately.

APPROVED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles on this ____ day of _____, 2010.

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of
the Board of Commissioners

By: _____
Deputy

By: _____
Chairman of the Board of
Commissioners

APPROVED AS TO FORM:
ANDREA SHERIDAN ORDIN
County Counsel

By:  _____
Deputy

PHA Board Resolution

Approving Operating Budget

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp.12/31/2012)

Public reporting burden for this collection of information is estimated to average **10 minutes per response**, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority of the County of Los Angeles PHA Code: CA002

PHA Fiscal Year Beginning: July 1, 2010 Board Resolution Number: 1-H

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- ☐ Operating Budget approved by Board resolution on: June 1, 2010
- ☐ Operating Budget submitted to HUD, if applicable, on: _____
- ☐ Operating Budget revision approved by Board resolution on: _____
- ☐ Operating Budget revision submitted to HUD, if applicable, on: _____

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name:	Signature:	Date:
Gloria Molina, Chair		June 1, 2010

1. That the proposed cost allocation plan is a reasonable and supportable methodology of allocating centralized administration costs to housing and/or development programs.
2. That the proposed cost allocation plan will be consistent with cost principles set forth in the Office of Management & Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments and other generally applied cost allocation methods.

3. The above recitals are true and correct.
4. The Housing Authority of the County of Los Angeles adopts the following cost allocation plan, as required by the U.S. Department of Housing and Urban Development (HUD).
5. This resolution shall take effect immediately following Board approval and will be effective until a major change is proposed to be made in the methodology, at which time, the new cost allocation plan will be submitted for approval by this governing body.

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APPROVED AND ADOPTED by the Board of Commissioners of the Housing
Authority of the County of Los Angeles on the _____ day of _____, 2010.

ATTEST:

SACHI A. HAMAI
Executive Officer – Clerk of
The Board of Commissioners

By: _____
Deputy

By: _____
Chairman of the Board of
Commissioners

APPROVED AS TO FORM:
ANDREA SHERIDAN ORDIN
County Counsel

By:  _____
Deputy